

and served to greatly relieve the strain upon the ordinary circulation.

A more striking indication of the readiness of American bankers and business men to respond to the necessities of the moment was the issue of emergency paper for general circulation. The clearing-house certificates were employed only between the banks. The law imposing a ten per cent. tax upon the notes of State and private banks was supposed to stand across the path of any issues for general circulation, but the law received little attention when the absolute necessity of a circulating medium forced itself upon the country. Certificates and certified checks were issued in scores of communities where currency could not be had. They were usually guaranteed by the associated banks where there were such banks; they were issued by a single bank in even amounts where concerted action could not be obtained; and they were issued by railway companies and manufacturers where arrangements could not be made with the banks. In a few cases they were issued with the guarantee of the local authorities drawn upon some public fund. These certificates and checks proved very useful where currency was in demand for pay-rolls, were treated as cash by banks and merchants, and were promptly redeemed when the panic was over.\*

The financial crisis of 1893<sup>was</sup> a striking illustration of the truth that bank-note circulation plays but a trifling part, or none, in promoting crises. The national banks had been

<sup>1</sup> Representative John DeWitt Warner of New York, commenting upon the relations of these issues to the ten per cent tax law, declared that \*'In this way, after the machinery so carefully adjusted by government had utterly failed to work, the business common sense of our people readjusted its finances; and in every part of the land business started up again, manufacture continued, the laborer received his hire, and the merchant disposed of his goods. "*Sound Currency*> Vol. II., No. 6, p. 8. These emergency issues were so entirely winked at by the government that the collections under the ten per cent, tax on bank circulation were returned by the Commissioner of Internal Revenue for the year ending June 30, 1894, as only two dollars and twenty-six cents.